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No. 05-

IN THE

Supreme Court of the United States

CLARE MILNE, BY AND THROUGH
MICHAEL JOSEPH COYNE, HER RECEIVER,
Petitioner,

v.

STEPHEN SLESINGER, INC.,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Section 304 of the Copyright Act, 17 U.S.C. § 304, provides (with irrelevant exceptions) that the author of a work or (if the author is deceased) the author's surviving spouse or lineal descendants may on one occasion terminate a previous transfer or license of the copyright, "notwithstanding any agreement to the contrary." In this case, which involves the copyrights in *Winnie-the-Pooh* and other works by A.A. Milne, petitioner, Milne's granddaughter, sought to exercise her rights under Section 304 to terminate a license granted by Milne in 1930. The Ninth Circuit ruled, however, that petitioner's statutory termination rights had been nullified by an agreement between the licensee and a trust that owned Milne's copyrights by bequest, in which the trust agreed with the licensee to "revoke" and "regrant" the 1930 license, for the purpose of preventing members of the Milne family from exercising their statutory termination rights.

The question presented is whether a copyright owner that is not a member of the author's family and a copyright licensee can defeat the statutory termination rights of the author's family by agreeing to "revoke" and "regrant" a license in the work.

PARTIES TO THE PROCEEDINGS

In addition to the parties named in the caption, Disney Enterprises, Inc., is a plaintiff in the district court, and Harriet Jessie Minette Hunt is a third-party defendant in the district court.

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PETITION FOR A WRIT OF CERTIORARI

Petitioner Clare Milne, by and through Michael Joseph Coyne, her Receiver appointed by order of the English Court of Protection, respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit in this case.

OPINIONS BELOW

The decision of the court of appeals (App. 1a-20a) is reported at 430 F.3d 1036. A memorandum order of the court of appeals, denying respondent's motion to take judicial notice of certain alleged facts (App. 35a-37a), is unreported. The decision of the district court granting judgment on the pleadings to respondent and denying summary judgment to petitioner (App. 21a-32a) is unreported.

JURISDICTION

The judgment of the court of appeals was entered on December 8, 2005. A timely petition for rehearing was de-

nied on January 18, 2006. App. 33a. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The pertinent provisions of Sections 203 and 304 of Title 17, United States Code, are set forth in the appendix to this petition (App. 47a-58a).

STATEMENT

This case concerns the ownership of the copyrights in *Winnie-the-Pooh*, *The House at Pooh Corner*, *When We Were Very Young*, and *Now We Are Six* (the "Pooh Works"), which currently expire around 2020. This case also concerns Section 304 of the Copyright Act, 17 U.S.C. § 304, which reflects a congressional policy that authors' families should have the right to recapture the value of copyrights in works that prove unexpectedly popular by terminating prior licenses granted in such works. The Ninth Circuit, in contravention of that policy and in conflict with decisions of the Second Circuit, rejected petitioner's effort to terminate a prior license in the Pooh Works granted by her grandfather, and upheld an agreement designed to avoid Section 304 and to ensure that control over the copyrights in the Pooh Works would remain outside the author's family.

The Pooh Works were written by A.A. Milne and were published in the United States between 1924 and 1928. In 1930, Milne granted a license in the Pooh Works to Stephen Slesinger, who in turn granted his rights under the license to respondent Stephen Slesinger Inc. ("SSI"). SSI sublicensed certain rights in the Pooh Works to Walt Disney Productions ("Disney").[1]

When Milne died in 1956, he bequeathed his ownership of the copyrights not to his widow, his then-surviving son,

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[1] Walt Disney Productions was succeeded in its interest in the Pooh Works by Disney Enterprises, Inc., which is a plaintiff in this case. Disney Enterprises, Inc., is a wholly-owned subsidiary of The Walt Disney Company.

Christopher Robin Milne, or his then-unborn granddaughter, petitioner Clare Milne, but to the Milne Trust. The Milne Trust was succeeded in ownership of the copyrights to the Pooh Works by the Pooh Properties Trust ("Trust"). The trustees of the Trust are not members of the Milne family, and the Trust is legally distinct from any member of the Milne family.

In this case, petitioner Clare Milne attempted to exercise a right, granted by Congress in Sections 304(c) and (d) of the Copyright Act, 17 U.S.C. § 304(c)-(d), that allows authors or their surviving lineal descendants to terminate a prior license in a work, and thereby to recapture ownership of the copyright. Section 304 reflects a congressional recognition that authors often grant away rights in their works for small sums when they have relatively little bargaining power. Congress has determined on several occasions that authors and their families should have the right to recapture, after a period of time, the benefits of copyrights in works that prove unexpectedly popular. Clare Milne attempted to obtain the benefit of that congressional policy by notifying SSI, Disney, and the Trust that she was terminating her grandfather's 1930 license to Slesinger and reclaiming ownership of the copyrights in the Pooh Works, as provided under Section 304.

The Ninth Circuit, however, ruled that Clare Milne's effort to reassert ownership over the Pooh Works was ineffective. The Ninth Circuit concluded that Clare Milne had no termination rights to exercise because, in 1983, the Trust, SSI, and Disney—foreseeing that the Milne family might seek to recapture the copyrights in the Pooh Works as Congress allowed, and intending to foreclose that very possibility—entered into an agreement that simultaneously "revoked" Milne's 1930 Grant to Slesinger and "regranted" the same rights to SSI. This 1983 Agreement, the Ninth Circuit concluded, superseded the 1930 Grant and left petitioner with nothing to terminate. As we explain below, the reasoning underlying the Ninth Circuit's decision extends far beyond this case and opens a loophole that will allow licensees

and copyright owners other than authors' family members (*e.g.*, trusts and foundations that have obtained copyrights by bequest, and creditors that have obtained copyrights in bankruptcy proceedings) to nullify family members' statutory termination rights. That decision is also irreconcilable with decisions of the Second Circuit that have rejected devices intended to avoid the effect of the statutory termination right that Congress has granted to author's surviving family members.

A. Congress's Policy Of Allowing Authors And Their Families To Recapture Copyrights

For almost a century, copyright law has included statutory provisions intended to allow authors and their families to recapture, after a period of time, rights that the authors had previously granted away. In the Copyright Act of 1909, § 24, 35 Stat. 1075, 1080-1081, Congress provided that a copyright would last for 28 years but could be renewed by the author or author's family for another 28-year term. The purpose of this renewal provision was to allow authors or authors' surviving families to resume control over rights to copyrighted works and renegotiate more advantageous terms for the renewal period. *See Stewart* v. *Abend*, 495 U.S. 207, 219 (1990).

Publishers often avoided the intended effect of the renewal provision, however, by insisting that authors assign away their rights in the renewal copyright term at the same time that they granted rights in the initial term. In *Fred Fisher Music Co.* v. *M. Witmark & Sons*, 318 U.S. 643 (1943), this Court ruled that such advance assignments by authors of the future renewal term in their works were enforceable if the author survived into the renewal term. As Justice White later observed, the *Fred Fisher* decision "substantially thwarted" Congress's goal of protecting authors through copyright recapture. *See Mills Music, Inc.* v. *Snyder*, 469 U.S. 153, 185 (1985) (White, J., dissenting).

In the Copyright Act of 1976, Congress tried a new tack. The 1976 Act extended the copyrights for all works

that were in their renewal terms as of January 1, 1978, for another 19 years, to a total of 75 years. *See* 17 U.S.C. § 304(b) (1982). Congress also determined that this new benefit should be allocated to authors and their families, rather than to prior grantees. *See* H.R. Rep. No. 94-1476, at 140 (1976). Towards that end, Congress enacted the Copyright Act's termination provision at issue in this case. *See* 17 U.S.C. § 304(c). For works copyrighted before January 1, 1978, Section 304(c) allows an author or (if the author is deceased) the author's surviving family members to terminate any grant or license executed before that date at the end of the 56th year of the copyright, and to recapture the copyright for the 19 years added to the copyright term by Congress. *See* 17 U.S.C. § 304(c)(3).

A closely related termination provision governs works copyrighted after January 1, 1978. *See* 17 U.S.C. § 203. Sections 203 and 304 are structurally parallel but diverge in some particulars. For works copyrighted after January 1, 1978, Congress established the copyright term as the life of the author plus 50 years (later extended for another 20 years). *See* 17 U.S.C. § 302(a) (1982). Congress also allowed the author or the author's surviving family members to terminate any license 35 years after any grant. *See* 17 U.S.C. § 203(a). Thus, for both existing and future copyrights, Congress granted authors and their family members the right to terminate any license after a period of time and recapture the copyright in order to negotiate more advantageous terms.

Congress also acted to avoid a repetition of *Fred Fisher* and ensure that these family termination rights could not be contracted away in advance. To that end, Congress directed that "[t]ermination of the grant may be effected notwithstanding any agreement to the contrary[.]" 17 U.S.C. § 304(c)(5) (works copyrighted before January 1, 1978); 17 U.S.C. § 203(a)(1) (same, for authors' grants executed after January 1, 1978). Congress thus made clear that, for both existing and future works, statutory termination rights are inalienable.

In 1998, the Sonny Bono Copyright Term Extension Act ("CTEA") extended copyright terms for pre-1978 works for another 20 years—for a total potential duration of 95 years. *See* 17 U.S.C. § 304(b).[2] Congress again determined that this unforeseen benefit should be given to authors and their families, rather than grantees. Congress therefore extended the termination right it had enacted in the 1976 Act. *See* 17 U.S.C. § 304(d). Under Section 304(d), the author or the author's surviving family members may terminate any prior grant and thus recapture the copyright for the additional years of the extended term, as long as there had been no prior termination. Again, Congress made this termination right inalienable by providing that the right may be exercised "notwithstanding any agreement to the contrary." *See* 17 U.S.C. § 304(c)(5), (d).[3]

Congress has thus granted to the surviving families of authors of copyrighted works the right to terminate existing grants or licenses in the author's works, and thus to recapture the author's initial rights. This termination right may not be alienated in advance of its exercise.

B. SSI's Effort To Prevent The Milnes From Exercising Their Right To Recapture The Copyrights In The Pooh Works

If the Copyright Act of 1976 had not extended existing copyright terms, the copyrights in the Pooh Works would have expired between 1980 and 1984. When the current Copyright Act took effect in 1978, an additional 19 years

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[2] In effect, this means that works that were in their renewal term just before January 1, 1978—including works that were copyrighted as long ago as 1923—will remain in copyright until at least 2018. Works that were in copyright before January 1, 1978, now have a copyright term of 95 years. *See* 17 U.S.C. § 304(a)((2)(B). And copyrights for works that were copyrighted after January 1, 1978, now last for the life of the author plus 70 years. *See* 17 U.S.C. § 302(a).

[3] Section 304(d) essentially extends the provisions of Section 304(c) governing terminations of pre-1978 copyrights to those terminations that take place under the CTEA.

were added to the copyright terms of the Pooh Works, extending those terms until around 2000. But the Copyright Act of 1976 also gave A.A. Milne's descendants the power to terminate respondent SSI's rights in the Pooh Works, which derived from Milne's grant of a license to Slesinger in 1930.

To forestall that possibility, SSI found an ally in a third party with no familial relationship to A.A. Milne: the Trust, which had obtained ownership in the copyrights to the Pooh Works by bequest from Milne (*see* pp. 2-3, *supra*). On April 1, 1983, SSI, Disney, and the Trust executed an agreement, the purpose of which was to prevent the Milne family from exercising the statutory termination right granted by Congress. Under that agreement, the Trust purported to "revoke" all rights granted in 1930 and to regrant the identical rights to SSI. C.A. E.R. 210; App. 60a, 61a.[4] The 1983 Agreement itself candidly discloses the parties' purpose behind this shuffle:

> [T]he parties are agreeable to the revocation of and the parties are desirous of revoking the said prior agreements and [SSI] and Disney are desirous of entering into a new agreement for the future which the parties believe would not be subject to any right of termination under 17 U.S.C. Secs. 203 or 304(c).

C.A. E.R. 209; App. 60a.

The 1983 Agreement did not purport to be a statutory "termination" of A.A. Milne's 1930 Grant of rights in the Pooh Works to Slesinger. Indeed, although the Trust owned, by bequest, A.A. Milne's copyrights in the Pooh Works, the Trust had no right under the statute to terminate the 1930 Grant, for that right is reserved by statute to

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[4] The 1983 Agreement is reprinted in the appendix to this petition. App. 59a-71a.